

II.

ALLEGATIONS IN COMPLAINT

2.1 On September 27, 2005, a 45-day Citizen Action Letter of complaint against CHE was received from Richard Pope of Bellevue, Washington. **(Exhibit 2)** In his complaint, Mr. Pope alleged that:

- CHE failed to file all contribution and expenditure reports electronically as required;
- CHE failed to timely file the C-4 summary report of receipts and expenditures due 21 days before the September 20, 2005 primary election;
- CHE failed to timely disclose a \$10,000 contribution to candidate Pat Davis, allegedly made on July 10, 2005;
- CHE failed to file the C-4 report due seven days before the 2005 primary election; and
- CHE filed all other C-4 reports between three and four days late.

III.

FINDINGS

3.1 **Electronic Filing Requirement:** In his complaint, Richard Pope alleged that CHE failed to file all contribution and expenditure reports electronically as required.

CHE raised \$20,000 prior to registering with the PDC on April 29, 2005.

(Exhibit 3) This initial contribution was timely disclosed on form C-3 on the same date that the registration was filed. On its April 29, 2005 registration, the committee indicated that its purpose was to support or oppose candidates in the 2005 election for commissioner in the Port of Seattle.

(Exhibit 1) Following April 29, 2005, the committee filed contribution and expenditure reports manually over a period of four months. The committee expended \$10,000 on August 15, 2005, in a contribution to the campaign of Patricia Davis. **(Exhibit 5)** On September 8, 2005 the committee filed its first electronic report, a C-3 disclosing one \$500 contribution. **(Exhibit 4)**

As of September 8, 2005, the committee had raised \$96,500 and spent \$12,060, all of which was manually reported.

Reports of CHE's contribution and expenditure activity were filed electronically between 17 and 174 days late, as follows:

Report	Date Electronic Reports Due	Date Electronically Filed	Days Late that Reports were Filed Electronically
C-3 Deposits, 4/16 – 4/26	April 29, 2005	October 20, 2005	174
C-3 Deposits, 5/12 – 5/19	June 10, 2005	October 5, 2005	117
C-3 Deposits, 6/2 – 7/25	July 11 – Aug 1, 2005	October 4, 2005	64 - 85
April C-4	April 29, 2005	October 4, 2005	158
May C-4	June 10, 2005	October 4, 2005	116
June C-4	July 11, 2005	October 4, 2005	85
21-day pre-primary C-4	August 30, 2005	October 4, 2005	35
7-day pre-primary C-4	September 13, 2005	September 30, 2005	17
C-3 Deposit, 9/8	September 12, 2005	September 8, 2005	Timely
C-3 Deposit, 10/3	October 10, 2005	October 3, 2005	Timely
C-3 Deposit, 10/17	October 17, 2005	October 17, 2005	Timely
21-day pre-general C-4	October 18, 2005	October 14, 2005	Timely

(See Exhibits 5, 10, and 13.)

On October 17, 2005, Michele Radosevich, deputy treasurer of CHE, was interviewed under oath. **(Exhibit 6)** In the interview, Ms. Radosevich stated that she was personally responsible for compiling and submitting PDC reports for Citizens for a Healthy Economy. She stated that she was aware that her committee had a requirement to electronically file its contribution and expenditure reports, and was aware that this requirement was tied to the level of the committee's expenditures. She stated that she believed at the time that the committee could begin electronic filing when it began to spend money.

Ms. Radosevich stated that her committee had not decided what candidates to support in the Port of Seattle race, or what the extent of this support would be, when it raised its initial \$20,000 and registered with the PDC. She stated that the committee had decided its plans regarding candidate support by approximately August 11, 2005, but she was not aware of its decision at the time.

Ms. Radosevich stated that she completed installation of the PDC electronic filing system (WEDS) when she returned from a three-week vacation on September 6, 2005, but that she had reviewed the program as early as April of 2005. She stated that she did not attempt to prepare any reports electronically in the four months following this time, because she was intimidated by the complexity of the program. She confirmed that she requested the users' manual for the WEDS to be emailed to her on September 7, 2005, and that she had not previously sought assistance from PDC staff regarding her difficulties with the electronic filing system.

3.2 Timeliness of 21-Day Pre-Primary C-4 Report: In his complaint, Richard Pope alleged that CHE failed to timely file the C-4 summary report of

receipts and expenditures due 21 days before the September 20, 2005 primary election.

The 21-day pre-primary C-4 reporting period for the 2005 election was July 1 – August 23, 2005. The report for this period was due to be filed on August 30, 2005. CHE filed a C-4 report covering July 1 – 31, 2005 on August 11, 2005, 19 days before the activity for that period was required to be disclosed. **(Exhibit 7)** Activity occurring during August 1 – 23, 2005 was disclosed on a C-4 filed on September 6, 2005, seven days late, which was two weeks before the September 20, 2005 primary election. **(Exhibit 8)** The late report included \$10,123 in new monetary expenditures, including the committee's \$10,000 contribution to the Pat Davis campaign. The contribution was disclosed 14 days before the September 20, 2005 primary election.

On October 10, 2005, a written response to the complaint filed by Richard Pope was received from Michele Radosevich, deputy treasurer of CHE. **(Exhibit 9)** In her response, Ms. Radosevich stated that prior to the filing deadlines for reports covering April, May and June, she found herself faced with the choice between learning to use the PDC's WEDS electronic filing system and filing a timely manual report. She stated that she believed it would be better to file timely reports on paper than to risk filing a late report electronically, hence her manual filing of the committee's first reports.

She stated that before the August 30, 2005 filing deadline for the 21-day pre-primary C-4 report, she left on her three-week vacation, and left instructions for CHE's treasurer, Robert Wallace, to file the C-4 due on that day. She stated that during her absence, and immediately before the August 30, 2005 filing deadline, Mr. Wallace was contacted by PDC staff and asked to begin electronic filing. She stated that he then submitted signature authorization and password paperwork for electronic filing; he also applied for a filing extension for the August 30, 2005 C-4 report, but was denied this extension.

She stated that Mr. Wallace's staff attempted to master the WEDS system over the following days, but had made no progress as of her return from her vacation on Tuesday, September 6, 2005.

She stated that she then contacted PDC staff, and was instructed to immediately file a paper version of the 21-day pre-primary C-4 report, and replace this filing with an electronic version as soon as her committee was set up to electronically file. (PDC staff records indicate that she called and received these instructions on September 6, 2005.) She stated that a paper version of the C-4 was filed this same day.

- 3.3 Alleged Late Reporting of Contribution to Pat Davis:** In his complaint, Richard Pope alleged that CHE failed to timely disclose a \$10,000 contribution to candidate Pat Davis, allegedly made on July 10, 2005.

Although the date of CHE's \$10,000 contribution to Pat Davis was listed as July 10, 2005 on the report filed on September 6, 2005 (**Exhibit 8**), an amended report was filed on October 4, 2005, indicating that the correct date of the contribution was August 15, 2005. (**Exhibit 5**) The contribution was required to be disclosed on August 30, 2005, and was disclosed seven days late. (See 3.2, above.)

Ms. Radosevich stated in her written response to the complaint (**Exhibit 9**) that the contribution check was actually cut on August 10, 2005, and was delivered a few days later, as reflected on the amended report filed on October 4, 2005.

- 3.4 Timeliness of 7-Day Pre-Primary C-4 Report:** In his complaint, Richard Pope alleged that CHE failed to file the C-4 report due seven days before the 2005 primary election.

CHE was required to file a C-4 report covering the 7-day pre-primary reporting period of August 24 through September 12, 2005 on September 13, 2005. The committee filed a report for this period on September 30, 2005, 17 days late, which was ten days after the 2005 primary election. (**Exhibit 10**) The activity occurring during this period was a \$500 monetary deposit on September 8, 2005, which was timely reported on a PDC form C-3 filed on September 8, 2005. (**Exhibit 4**)

Regarding the late filing of the 7-day pre-primary election C-4 report, Ms. Radosevich stated in her written response to the complaint (**Exhibit 9**) that having just filed a report for the 21-day pre-primary reporting period, she did not recognize that a report was due so soon, and thus missed the deadline. She stated that the only activity on the late 7-day pre-primary report was a single monetary contribution that had already been disclosed on form C-3.

- 3.5 Timeliness of Initial C-4 Reports:** In his complaint, Mr. Pope alleged that CHE's other C-4 reports were not timely filed.

CHE filed C-4 reports for activity occurring during April, May, June, and July of 2005 on May 13, June 14, and July 14, 2005 respectively. (**Exhibit 11**) The activity was disclosed on these C-4 reports between three and 31 days late, as follows:

C-4 Reporting Period	Late-Reported Activity	Days Late
4/29/05 – 4/30/05	\$20,000 contributions	14
4/30/05 – 5/31/05	\$27,500 contributions / \$1,940 in-kind expenditures	4
6/1/05 – 6/30/05	\$9,000 contributions	3
6/1/05 – 6/30/05	\$30,000 contributions	31

April C-4 Report: The report for April activity, which consisted of \$20,000 in deposits, was required to be filed on April 29, 2005, the same day the committee registered, and was filed 14 days late on May 13, 2005.

A C-3 report disclosing the activity on this C-4 was filed timely on April 29, 2005.

May C-4 Report: The report for May was due to be filed on June 10, 2005 and was filed four days late on June 14, 2005. The late report included \$1,936 in in-kind contributions.

A C-3 disclosing \$25,563 in monetary receipts during this period was filed 18 days early on May 23, 2005.

June C-4 Report: The report for June was required to be filed on July 11, 2005, and was filed three days late on July 14, 2005. The initial report for this period did not include \$30,000 in monetary contribution deposits made during the period covered by the report; an amended report incorporating these deposits into the campaign's totals was filed on August 11, 2005, 31 days after the original due date for the C-4. **(Exhibit 12)**

C-3 reports disclosing the details of \$20,000 of these contribution deposits were filed 27 days early on June 14, 2005, however a C-3 report disclosing the remaining \$10,000 was not filed until August 11, 2005, 31 days late. **(Exhibit 12, p 4)**

Regarding the late reporting on form C-3 of a \$10,000 contribution on August 11, 2005, Ms. Radosevich stated in her October 17, 2005 interview **(Exhibit 6)** that the contribution deposits for her committee are made by Jeanette Michel, the controller of Wallace Properties, who then sends information to Ms. Radosevich by fax for reporting purposes. She stated that in this particular case, the \$10,000 contribution was on the last page of this fax, and was missed by her and thus not reported in a timely manner.

In conclusion, Ms. Radosevich stated in the interview that she was sorry for and embarrassed by her committee's lapses in reporting.

- 3.6 Citizens for a Healthy Economy cooperated fully with PDC staff during the investigation of this complaint.

IV.

SCOPE

4.1 Staff reviewed the following documents filed by Citizens for a Healthy Economy:

- a. A C-1pc registration filed on April 29, 2005.
- b. A C-3 report filed on April 29, 2005.
- c. A C-3 filed on August 11, 2005.
- d. An amended C-3 filed on September 8, 2005.
- e. C-3 reports filed on October 4, 2005.
- f. C-3 reports filed on October 5, 2005.
- g. C-3 reports filed on October 20, 2005.
- h. A C-4 filed on May 13, 2005.
- i. A C-4 filed on June 14, 2005.
- j. A C-4 filed on July 14, 2005.
- k. A C-4 filed on August 11, 2005.
- l. An amended C-4 filed on August 11, 2005.
- m. A C-4 filed on September 6, 2005.
- n. A C-4 filed on September 30, 2005.
- o. Four C-4 reports filed on October 4, 2005.

4.2 Staff reviewed the Citizen Action Letter of Complaint filed by Richard Pope on September 27, 2005.

4.3 Staff reviewed the written response to the complaint, received from Michele Radosevich on October 10, 2005.

4.4 Michele Radosevich was interviewed under oath on October 17, 2005.

V.

LAW

RCW 42.17.080 and 090 require political committees to file timely, accurate reports of contributions and expenditures.

RCW 42.17.3691 requires political committees who expect to spend \$10,000 or more in the current calendar year to file all contribution and expenditure reports electronically.

Respectfully submitted this 20th day of October, 2005.

T. Perkins

Tony Perkins
Political Finance Specialist

EXHIBIT LIST

- Exhibit 1** C-1pc registration filed by Citizens for a Healthy Economy (CHE) on April 29, 2005.
- Exhibit 2** Citizen Action Letter of Complaint filed by Richard Pope on September 27, 2005.
- Exhibit 3** C-3 report filed by CHE on April 29, 2005.
- Exhibit 4** Amended C-3 filed by CHE on September 8, 2005.
- Exhibit 5** C-4 report filed by CHE on October 4, 2005.
- Exhibit 6** Memorialized notes of an interview under oath with Michele Radosevich on October 17, 2005.
- Exhibit 7** C-4 report filed by CHE on August 11, 2005.
- Exhibit 8** C-4 report filed by CHE on September 6, 2005.
- Exhibit 9** Written response to the complaint filed by Richard Pope, received from Michele Radosevich on October 10, 2005.
- Exhibit 10** C-4 report filed by CHE on September 30, 2005.
- Exhibit 11** C-4 reports filed by CHE on May 13, June 14, and July 14, 2005.
- Exhibit 12** Amended C-4 and original C-3 filed by CHE on August 11, 2005.
- Exhibit 13** Electronically filed C-4 reports received on October 4, October 5, and October 20, 2005, and electronic C-4 reports received on October 4, 2005.